
July 10, 2003



Information Technology

Systems Inventory to
Support the Business
Enterprise Architecture
(D-2003-117)

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Acronyms

ASD(NI2)/DoD CIO	Assistant Secretary of Defense (Networks and Information Integration)/Department of Defense Chief Information Officer
BEA	Business Enterprise Architecture
BMMP	Business Management Modernization Program
BMSI	Business Modernization and Systems Integration
CIO	Chief Information Officer
FFMIA	Federal Financial Management Improvement Act
IBM	International Business Machines
IT	Information Technology
MC	Mission Critical
ME	Mission Essential
OMB	Office of Management and Budget
USD(C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer



INSPECTOR GENERAL
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July 10, 2003

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE
(COMPTROLLER)/CHIEF FINANCIAL OFFICER
ASSISTANT SECRETARY OF DEFENSE (NETWORKS
AND INFORMATION INTEGRATION)/ DEPARTMENT
OF DEFENSE CHIEF INFORMATION OFFICER


SUBJECT: Report on the Systems Inventory to Support the Business Enterprise
Architecture (Report No. D-2003-117)

We are providing this report for review and comment. The Assistant Secretary of Defense (Networks and Information Integration)/Department of Defense Chief Information Officer did not respond to the draft report; however, we considered comments from the Under Secretary of Defense (Comptroller)/Chief Financial Officer when preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. The Under Secretary of Defense (Comptroller)/Chief Financial Officer comments were partially responsive to Recommendations 1. and 2. Therefore, we request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Assistant Secretary of Defense (Networks and Information Integration)/Department of Defense Chief Information Officer provide comments on all recommendations by August 11, 2003.

If possible, please send management comments in electronic format (Adobe Acrobat file only) to Auddfs@dodig.osd.mil. Copies of the management comments must contain the actual signature of the authorizing official. We cannot accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, they must be sent over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Questions should be directed to Ms. Kathryn M. Truex at (703) 604-8966 (DSN 664-8966) or Mr. Scott S. Brittingham at (703) 604-9615 (DSN 664-9615). See Appendix C for the report distribution. The team members are listed inside the back cover.


David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General of the Department of Defense

Report No. D-2003-117

(Project No. D2002FG-0156)

July 10, 2003

Systems Inventory to Support the Business Enterprise Architecture

Executive Summary

Who Should Read This Report and Why? Domain process owners responsible for implementing the Business Enterprise Architecture and all owners of business systems should read this report. DoD needs to identify all of its business systems so that it can determine which systems will transition into the Business Enterprise Architecture.

Background. The Secretary of Defense has positioned financial management reform as one of his highest priorities. On July 19, 2001, the Secretary of Defense issued a memorandum that established the DoD-wide Financial Management Modernization Program to correct the financial management systems deficiencies through the development of a DoD-wide Financial Management Enterprise Architecture. On May 20, 2003, the Under Secretary of Defense (Comptroller)/Chief Financial Officer changed the name of the Financial Management Modernization Program and the Financial Management Enterprise Architecture to the Business Management Modernization Program and the Business Enterprise Architecture, respectively, to reflect the focus of transforming DoD business practices. The objective of the DoD Business Enterprise Architecture is to standardize and streamline DoD financially related business processes, correct long-standing financial management weaknesses, and ensure investments in information technology effectively support performance of the DoD mission. As part of its transition plan, DoD provided Congress a listing of its business systems, as defined by the Under Secretary of Defense (Comptroller)/Chief Financial Officer. The systems list included the costs and estimated costs to maintain those systems during FY 2002 and FY 2003 respectively, and a listing of the legacy systems that will not be part of the Business Enterprise Architecture. The Business Enterprise Architecture is partitioned into seven functional process domains. Each domain has an owner that is responsible for managing and representing the domain needs and priorities during the development of the enterprise transition plan, validating the schedule for terminating legacy systems, and implementing the Business Enterprise Architecture within their respective domains. The domain owners are the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Under Secretary of Defense (Comptroller)/DoD Chief Financial Officer; the Under Secretary of Defense for Personnel and Readiness; and the Assistant Secretary of Defense (Networks and Information Integration)/DoD Chief Information Officer.

Results. DoD does not have a systems inventory that is synchronized with the Business Enterprise Architecture initiative and that contributes to the business monitoring and reporting requirements levied by the Office of Management and Budget. As a result, DoD does not have a single-source repository to collect its business information, reduce the burden of multiple and costly data calls, and inform its transforming initiatives. The Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Assistant

Secretary of Defense (Networks and Information Integration)/Department of Defense Chief Information Officer should establish a business systems repository and accompanying procedures for integrity verification. See the Finding section of the report for the detailed recommendations.

Management Comments and Audit Response. The Under Secretary of Defense (Comptroller)/Chief Financial Officer concurred with the recommendations and stated that his office would establish an integrated repository instead of a single repository to house information that the domain owners will use to control and prioritize architecture initiatives. We consider the comments partially responsive. We request clarification regarding the implementation of an integrated repository vice a single database and the respective controls that will be implemented to ensure data integrity.

We did not receive comments on the draft report, issued April 16, 2003, from the Assistant Secretary of Defense (Networks and Information Integration)/DoD Chief Information Officer. Therefore, we request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer provide additional comments and that the Assistant Secretary of Defense (Networks and Information Integration)/DoD Chief Information Officer provide comments by August 11, 2003. See the Finding section of the report for a discussion of management comments and the Management Comments section of the report for the complete text of the comments.

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Background

Financial Management Reform. The Secretary of Defense has positioned financial management reform as one of his highest priorities. On July 19, 2001, the Secretary of Defense issued a memorandum stating that DoD financial and non-financial operations and systems do not work effectively together to produce the most desirable financial management information. Accordingly, the Secretary of Defense established the DoD-wide Financial Management Modernization Program to correct the financial management systems deficiencies through the development of a DoD-wide Financial Management Enterprise Architecture. In addition, the Secretary of Defense directed the Under Secretary of Defense (Comptroller)/Chief Financial Officer (USD[C]/CFO) to provide the policy for and oversee the execution of the Financial Management Modernization Program. On May 20, 2003, the USD(C)/CFO changed the name of the Financial Management Modernization Program and the Financial Management Enterprise Architecture to the Business Management Modernization Program (BMMP) and the Business Enterprise Architecture (BEA), respectively, to reflect the focus of transforming DoD business practices. The objective of the DoD BEA is to standardize and streamline DoD financially related business processes, correct long-standing financial management weaknesses, and ensure that investments in information technology effectively support performance of the DoD mission. The Business Modernization and Systems Integration (BMSI) Office is an entity that will be responsible for building and maintaining the architecture products, enterprise data strategy, and transition plan.

Federal Financial Management Improvement Act of 1996. The Federal Financial Management Improvement Act (FFMIA) of 1996 mandates that agencies' financial management systems comply substantially with Federal financial management system requirements. If an agency head determines that its systems do not comply with FFMIA, the agency must develop a remediation plan and file it with the Office of Management and Budget (OMB). The DoD Financial Management Improvement Plan update states that most of the DoD critical financial management systems do not comply with FFMIA, but that completion of the DoD BEA will make DoD FFMIA compliant.

Enterprise Architecture. An enterprise architecture is a blueprint that defines the organizational mission, the information necessary to perform the mission, the technologies necessary to perform the mission, and the transitional processes for implementing new technologies. The Clinger-Cohen Act of 1996 requires executive agencies to develop and implement an information technology architecture. The DoD-wide enterprise architecture, called the Global Information Grid, is the responsibility of the Assistant Secretary of Defense (Networks and Information Integration)/DoD Chief Information Officer (ASD[NI2]/DoD CIO)). The DoD BEA is required to be integrated with the Global Information Grid architecture.

BEA Contract. On April 9, 2002, the Office of the USD(C)/CFO selected International Business Machines (IBM) to develop the DoD BEA. IBM teamed with several contractors to form Team IBM, operating under the direction of the Office of the USD(C)/CFO, BMMP Office. The DoD BEA is a DoD-wide effort

and includes all current and planned business systems. The DoD BEA includes operational, systems, and technical views of the DoD “as-is” and “to-be” environments.

“As-Is” Architecture. Part of the BEA development is the “as-is” architecture. The “as-is” architecture is the current baseline of operational, systems, and technical information for DoD. As part of the “as-is” architecture, the BEA is to include an inventory, housed in a data repository, that identifies all business systems, including contractor and commercial systems and their respective interfaces.

“To-Be” Architecture. The “to-be” architecture is the target business practices and operations for DoD and the supporting technical infrastructure. The “to-be” architecture is to be fully integrated and depict how reliable, accurate, and timely information will be made available to DoD decision makers across DoD and at all organizational levels. According to the Financial Management Improvement Plan update, complete implementation of the “to-be” architecture will make the Department compliant with the FFMIA.

The contractor was also required to develop a transition plan for migrating from the “as-is” environment to the “to-be.” The BEA, including the transition plan, was delivered on schedule, April 30, 2003. General Accounting Office addressed the BEA in Report No. GAO-03-877R, “Business Systems Modernization: Summary of General Accounting Office’s Assessment of the Department of Defense’s Initial Business Enterprise Architecture,” July 7, 2003.

The General Accounting Office report states that DoD expended tremendous effort and resources and made important progress in complying with the legislative requirements aimed at developing and implementing a well-defined architecture. However, the initial version of the architecture does not adequately address the FY 2003 National Defense Authorization Act requirements. DoD has not implemented an effective investment management process for controlling ongoing and planned business system improvements, including ensuring that obligations in excess of \$1 million are consistent with the architecture and transition plan. DoD planned to develop a strategy for determining the resources needed to further develop the architecture; for establishing an approach for maintaining its existing systems inventory; and for evaluating the architecture for completeness, accuracy, and integration of end-to-end business processes and system functions.

Domain Owners. The BEA is partitioned into seven functional process domains. Each domain has an owner responsible for managing and representing the domain needs and priorities during the development of the enterprise transition plan, validating the schedule terminating legacy systems, and implementing the BEA within their respective domains. On February 28, 2003, the USD(C)/CFO issued the “Appointment of Domain Owner Designees in Support of the Financial Management Modernization Program” memorandum. The memorandum established seven domains within the DoD business environment, DoD Services and Agencies, and identified the ownership for each domain. The domains are acquisition and procurement; finance, accounting operations, and financial management; human resources management; logistics; strategic planning and

budgeting; installations and environment; and technical infrastructure. The domain owners are the Under Secretary of Defense for Acquisition, Technology, and Logistics; the USD(C)/CFO; the Under Secretary of Defense for Personnel and Readiness; and the ASD(NI2)/DoD CIO. Some domain owners are responsible for multiple domains.

Information Technology Registry. The ASD(NI2)/DoD CIO maintains a database of Mission Critical (MC) and Mission Essential (ME) Information Technology (IT) systems. This database is known as the IT Registry. An MC IT system is a system that if lost would cause the stoppage of warfighter operations or direct mission support of warfighter operations. An ME IT system is a system that the acquiring Component Head determines is basic and necessary for the accomplishment of the organizational mission. The IT Registry currently contains 20 data fields of information on MC and ME DoD IT systems, including the owning Component, systems identification number, functional area, contingency plan, and point of contact information. According to the Office of ASD(NI2)/DoD CIO, the IT Registry contained 3,524 systems, as of April 1, 2003.

Objectives

Our overall objective was to assess the USD(C)/CFO enterprise architecture efforts to include evaluating the effectiveness of the enterprise architecture policies promulgated by the USD(C)/CFO and the impact on the DoD staff elements, as well as functional communities. We did not evaluate the management control program because the BEA initiative is the ongoing corrective action taken to address material weaknesses DoD identified in the FY 2002 Performance Accountability Report.

Systems Inventory and Business Enterprise Architecture

DoD does not have a systems inventory that is synchronized with the BEA initiative and that contributes to the business monitoring and reporting requirements levied by the OMB. This is because the USD(C)/CFO and the ASD(NI2)/DoD CIO have not established a single DoD-wide definition of a business management information technology system or established procedures for domain owners to develop and maintain a complete listing of systems within their domain. Further, the ASD(NI2)/DoD CIO had not expanded existing capabilities to fully meet the new DoD business system reporting requirements. As a result, DoD does not have a single-source repository to collect its business information, reduce the burden of multiple and costly data calls, and inform its transforming initiatives.

Authorization and Appropriation Act Requirements

FY 2001 Legislation. Section 8102(a) of the FY 2001 National Defense Appropriations Act and Section 811(a) of the FY 2001 National Defense Authorization Act require that DoD:

- register MC/ME IT systems with the DoD CIO,
- maintain a consolidated inventory of those systems,
- identify interfaces between those systems and other systems, and
- develop and maintain system contingency plans.

Further, DoD may not use appropriated funds for information technology systems not registered with the DoD CIO. The FY 2001 National Defense Appropriations Act directed the Secretary of Defense to define MC and ME IT systems and this responsibility was subsequently delegated to the DoD Components in the February 21, 2001, ASD(NI2)/DoD CIO, “DoD Information Technology IT Registry,” memorandum. That memorandum also states that the DoD CIO will use the DoD IT Registry as the repository of record to comply with the congressional requirements.

FY 2003 Legislation. Section 1004 of the FY 2003 National Defense Authorization Act places the responsibility with the USD(C)/CFO to define DoD MC and ME business management systems and specifies the requirements for the BEA transition plan. Consequently, those business management systems will need to be included in the IT Registry once the USD(C)/CFO issues a definition. The transition plan is a capital investment roadmap for transitioning from the current “as-is” to the target “to-be” objective environment.

According to Section 1004, the transition plan shall include:

- the acquisition strategy for the BEA;
- a listing of the MC and ME DoD operational and developmental financial and non-financial management systems, as defined by the USD(C)/CFO, including the costs and estimated costs to maintain those system during FY 2002 and FY 2003 respectively; and
- a listing of the systems that will not be part of the objective financial and non-financial management system, with a schedule for terminating those legacy systems.

To comply with Section 1004, the USD(C)/CFO issued the January 10, 2003, “Financial Management Enterprise Architecture System Inventory,” memorandum. The January 10, 2003, memorandum cites the Section 1004 transition plan requirements and requests cost data on systems, identified through previous data calls, from the DoD Components. In addition, the memorandum requests that DoD Components ensure that all of their systems are identified.

On May 9, 2003, the Office of USD(C)/CFO released its response to the requirements of the FY 2003 National Defense Authorization Act. According to the response, the initial version of the BEA, including a transition plan and governance oversight process to help implement the architecture, was delivered on schedule and under budget on April 30, 2003.

BEA and Reporting Requirements

In its current state, the IT Registry is not synchronized with the BEA initiative and does not support the DoD response to the business monitoring and reporting requirements levied by OMB. DoD is required to ensure that IT is acquired, used, and managed to improve the performance of DoD missions and improve the responsibility and accountability of the OMB and all other Federal agencies to Congress and to the public for implementing information resources management. The DoD CIO-maintained IT Registry has not been a useful information source for the development of the BEA or the transition plan. In addition, the IT Registry does not include data requirements that could streamline the DoD budget process.

IT Registry and the BEA. The IT Registry reporting requirements do not correlate with the scope of the BEA because they do not address the intent of the FY 2003 National Defense Authorization Act. The February 21, 2001,

memorandum does not require all business management systems to be reported in the IT Registry. Systems must be registered if the Component Head deems:

- the loss of the system would cause the stoppage of warfighter operations or direct mission support of the warfighters or
- the system basic and necessary for the accomplishment of the organizational mission.

The definitions are subject to interpretation and, as a result, the IT Registry will not necessarily capture the universe of current DoD business management systems. The BMMP and Team IBM, the DoD program management office and contractor tasked with the BEA development, had a 1-year timeline to develop the BEA, which included an “as-is” architecture and respective systems inventory. Having a central and complete data repository in place at the beginning of the effort would have enhanced the efficiency of the BEA effort and lessened the considerable workload of the BMMP. For example, the transition plan is to document the deficiencies and steps needed to bring each noncompliant business system to be included in target or intermediate architectures into compliance with Federal financial management systems requirements. The FY 2003 National Defense Authorization Act required DoD to report to Congress its decision about all business management systems, which systems will be part of the enterprise architecture, and a plan for phasing out the others by May 1, 2003. In its response to those requirements, the USD (C)/CFO delivered the required systems inventory and associated phase-out plan on April 30, 2003.

Because the IT Registry could not provide the information required by Congress, the USD(C)/CFO issued numerous data calls, supporting the BEA, to gather systems information and build an “as-is” inventory. The January 10, 2003, memorandum requested cost information for the transition plan required by the FY 2003 National Defense Authorization Act. According to BMMP personnel, this yielded a database of about 2,000 non-warfighting systems. However, a BMMP staff member was not confident that their inventory was complete, and stated that she believed that the actual number of non-warfighting systems was much higher. Personnel in the Office of the USD(C)/CFO stated that the Office of the USD(C)/CFO was considering consolidating the “as-is” inventory, the ASD(NI2)/DoD CIO budget database, and the current IT Registry to create the database needed by April 2003. This workaround still may not provide the BMMP with a complete inventory of systems that should be part of the transition plan. In its response to the requirements of the FY 2003 National Defense Authorization Act, the Office of the USD(C)/CFO stated that the sources actually used to compile the inventory of 2,832 DoD business systems were the ASD(NI2)/DoD CIO budget database, information from the “as-is” inventory, and information provided in response to the January 10, 2003, USD(C)/CFO data call memorandum.

BMMP personnel stated that the BMMP needs to be aware of all systems to successfully implement the transition plan. Domain owners will be ultimately responsible for portfolio management and enforcing compliance with architecture,

data strategy, and transition plans for each of the seven domains. In performing this responsibility, domain owners will be required to ensure domain funds are appropriately allocated to meet domain and enterprise objectives, conduct reviews of legacy systems and their currency with transition plans, and withhold funds from noncompliant systems. The BMMP transition plan was delivered on April 30, 2003. The BMSI and domain owners will now begin implementation of the transition plan over the next 5 years. They will not be able to transition systems if they are unaware of them. The BMSI and domain owners need a complete listing of baseline systems before they can make decisions required about the current architecture.

The USD(C)/CFO and the ASD(NI2)/DoD CIO need to establish procedures to verify that domain owners develop and maintain a complete listing of systems within their respective domain. Further, USD(C)/CFO and the ASD(NI2)/DoD CIO need to be able to verify that the data included in the domain database mirror what is included in the IT Registry and any other databases maintained for systems in a particular domain to enhance budget decisions.

IT Registry and the Budget Process. OMB Circular A-127, “Financial Management Systems,” July 23, 1993, requires DoD to develop and maintain a DoD-wide inventory of existing and proposed financial management systems. Further, OMB Circular A-130, “Management of Federal Information Resources,” February 8, 1996, requires DoD to establish information system management oversight mechanisms that ensure that financial management systems conform to the requirements of OMB Circular No. A-127.

In addition, the OMB currently requires DoD to prepare three budget exhibits related to DoD business management systems, Exhibit 52, Exhibit 53, and Exhibit 300. Based on OMB guidance and data provided by the various DoD Components, Exhibit 52 is prepared by the Office of the USD(C)/CFO, and Exhibits 53 and 300 are prepared by the ASD(NI2)/DoD CIO. Those three exhibits provide information that is related and overlapping in certain areas.

Including certain Exhibit 52, 53, and 300 reporting information in a central repository, such as the IT Registry, would promote consistent and efficient DoD budget reporting. Personnel in the Office of the ASD(NI2)/DoD CIO stated that the various reports required by OMB are currently created using software, crosswalks, and the Information Technology Management Application to collect system information. However, the Office of the ASD(NI2)/DoD CIO personnel stated that about \$250,000 and much time is spent per year because DoD lacks consistent and centrally located information needed for Exhibits 53 and 300.

Definition and Expansion

Although required by the FY 2003 National Defense Authorization Act, the USD(C)/CFO has not provided a definition for a DoD business management information technology system, and the IT Registry has not been expanded to meet the new statutory and management reporting requirements. Specifically, the Office of the ASD(NI2)/DoD CIO has not expanded the IT Registry to include

requirements that would promote the BEA transition plan implementation and streamline the DoD budget process.

Expansion of the IT Registry. The Office of the ASD(NI2)/DoD CIO began efforts to update the IT Registry to incorporate a greater breadth of systems information. A group, known as the Tiger Team, is leading this effort. The Tiger Team is currently drafting guidance to update the original February 21, 2001, IT Registry memorandum and is coordinating with the BMMP to include requirements for business systems. In the interim, the DoD Deputy CIO finalized guidance and issued a policy memorandum, "Department of Defense Information Technology (IT) Registry Interim Guidance," on March 17, 2003. This interim guidance does not expand on the requirements to register business systems because, according to personnel in the Office of the Deputy CIO, the office had not received USD(C)/CFO requirements for incorporation.

Business System Definition. The FY 2003 National Defense Authorization Act states that the USD(C)/CFO is to provide a definition of a DoD business management information technology system. The USD(C)/CFO has not officially provided such a definition; however, on April 1, 2003, the Office of the USD(C)/CFO provided to the IT Tiger Team the definition of business systems and requirements for registration. The Office of the USD(C)/CFO stated that a business system is any IT system that accepts or creates a transaction that results in a financial event or maintains the source data for a financial event. Any business system used by DoD meeting at least one of the following criteria must be registered:

- \$1 million or more is spent per fiscal year on the development, deployment, sustainment, operations, and/or retirement of that system;
- the system interfaces with another system;
- the system is deployed to multiple users; or
- the system has more than 50 users.

Once the Office of the USD(C)/CFO issues an official definition for business technology systems, system owners will be required to register essentially all business systems with the DoD CIO. The FY 2003 National Defense Authorization Act requires the Office of the USD(C)/CFO to establish a definition for business systems; therefore, this report does not make a recommendation regarding a business system definition.

Conclusion

This audit focused on business systems and did not cover weapons and intelligence systems. DoD does not have a single-source repository to collect its business information. Specifically, both USD(C)/CFO and ASD(NI2)/DoD CIO use other means to prepare and report budget data pertaining to IT systems. The USD(C)/CFO has not relied on the IT Registry to develop its list of systems to be

reported to Congress but has issued separate data calls. Because the IT Registry does not correlate to the scope of the BEA, it does not contain the robustness

needed for the BEA. The USD(C)/CFO and ASD(NI2)/DoD CIO should streamline the various DoD reporting requirements and eliminate IT information collection redundancy.

Recommendations, Management Comments, and Audit Response

We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer and the Assistant Secretary of Defense (Networks and Information Integration)/Department of Defense Chief Information Officer, as part of the Business Modernization and Systems Integration Governance Concept:

1. Establish a single repository for business systems information, which includes all data elements necessary for architecture development and budget.

Management Comments. The Under Secretary of Defense (Comptroller)/Chief Financial Officer concurred and stated that his office would establish an integrated repository instead of a single repository. The integrated repository will contain data elements defined during the development of the recently completed DoD business systems inventory. Furthermore, the Comptroller stated that he and the Assistant Secretary of Defense (Networks and Information Integration)/Department of Defense Chief Information Officer are committed to building on the DoD business systems inventory to provide a net-centric source of systems information for both budget and architecture use that will be available to support the next annual DoD systems inventory report.

Audit Response. We consider the Under Secretary of Defense (Comptroller)/Chief Financial Officer comments partially responsive. We recommended a single-source repository because integrating information from multiple sources in an organization as complex and diverse as DoD, lends itself to continued inconsistencies and inaccuracies. The establishment of an integrated repository may not be consistent with the primary objective of the BEA. The systems inventory used to manage and measure the DoD BEA should be a single-source repository that is standardized and streamlined. We request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer provide clarification on the benefits of implementing an integrated repository vice a single database.

2. Establish procedures to verify through the architecture domain owners that:

a. the data included in the architecture domain database mirror what is included in the IT Registry and any other databases maintained for systems in the particular domain; and

b. the completeness of the data is verified periodically to ensure that the data are kept current, consistent, and accurate to enhance budget decisions and respond to Office of Management and Budget and Congressional reporting requirements.

Management Comments. The Under Secretary of Defense (Comptroller)/Chief Financial Officer concurred and stated that the domain owners will use the information in the repository established for the “as-is” and “to-be” processes to control and prioritize their architecture initiatives.

Audit Response. Although the Under Secretary of Defense (Comptroller)/Chief Financial Officer concurred, we consider the comments partially responsive. The comments do not address establishing procedures to verify that the data contained in the architecture domain database mirror other databases, including the DoD CIO-maintained IT Registry. In addition, the comments do not address procedures for verifying that consistent and accurate information is maintained. This information is fundamental to domain architecture control and prioritization, and it is essential that procedures are established and implemented to maintain the accuracy, consistency, and currency of that information. We request that the Under Secretary of Defense (Comptroller)/Chief Financial Officer provide additional comments.

Management Comments Required

The Assistant Secretary of Defense for Networks and Information Integration/Department of Defense Chief Information Officer did not comment on a draft of this report. We request that the Assistant Secretary of Defense for Networks and Information Integration/Department of Defense Chief Information Officer provide comments on the final report.

Appendix A. Scope and Methodology

We evaluated the DoD environment as it related to the BEA initiative. This audit focused on business systems and did not cover weapons and intelligence systems. Specifically, we assessed the need for a DoD-wide systems inventory for its BEA transition. We reviewed Secretary of Defense and USD(C)/CFO issuances relating to the BEA, governance structure, and supporting data calls from July 19, 2001, through February 28, 2003. In addition, we reviewed the BEA Statement of Work and the “as-is” systems inventory requirements as well as system inventories accumulated by BMMP as of August 2002 and January 2003, and the BMMP reconciliation from the January 2003 data call. We reviewed the ASD(NI2)/DoD CIO memorandums, “DoD Information Technology Registry,” February 21, 2001, and “DoD Information Technology Registry Interim Guidance,” March 17, 2003, to determine requirements for the IT Registry.

We reviewed legislative documentation relating to the BEA and systems inventory requirements for DoD, including the FY 2001 National Defense Authorization and Appropriation Acts; the FY 2003 National Defense Authorization Act; the Clinger-Cohen Act of 1996; and section 3501, title 44, chapter 35, United States Code. We reviewed Office of Management and Budget guidance, including Circulars A-127 and A-130, to determine Federal systems inventory requirements. We also reviewed sections of OMB Circular A-11, “Preparation, Submission, and Execution of the Budget,” June 2002 to obtain information regarding Federal budget requirements.

We conducted meetings with personnel within various DoD Components responsible for coordinating the BEA initiative, including personnel in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, USD(C)/CFO, and ASD(NI2)/DoD CIO, and the Army, the Navy, and the Air Force. We conducted meetings and telephone conversations with personnel in the BMMP Office. From October 2002 through March 2003, we attended BEA working group sessions as observers. These working group sessions were the vehicle the BMMP used to communicate its plans for the BEA with the DoD Components and gather feedback. We also attended several IT Registry Tiger Team meetings as observers from December 2002 through February 2003 to develop an understanding of what steps the Office of the ASD(NI2)/DoD CIO was taking to include the requirements of the FY 2003 National Defense Authorization Act as related to the BEA.

We performed this audit from June 2002 through April 2003 in accordance with generally accepted government auditing standards. However, we updated information in this report to reflect the DoD BEA Response to the FY 2003 National Defense Authorization Act, dated May 9, 2003. We did not review the management control program as it related to the announced objectives. The original audit objective was to assess the USD(C)/CFO enterprise architecture efforts as well as the management controls for that objective. However, the initiative is ongoing and is identified in the DoD FY 2002 Performance Accountability Report as the ongoing corrective action taken to address the Financial Management Systems and Processes systemic weakness.

Use of Computer-Processed Data. We did not use computer-processed data to perform this audit.

General Accounting Office High-Risk Area. The General Accounting Office has identified several high-risk areas in DoD. This report provides coverage of the effective management of information technology investments high-risk area.

Appendix B. Prior Coverage

During the last 5 years, the General Accounting Office (GAO) and the Inspector General of the Department of Defense (IG DoD) have issued eight reports discussing DoD Enterprise Architectures. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted Inspector General of the Department of Defense reports can be accessed at <http://www.dodig.osd.mil/audit/reports>.

General Accounting Office

GAO Report No. 03-877R, "Business Systems Modernization: Summary of GAO's Assessment of the Department of Defense's Initial Business Enterprise Architecture," July 7, 2003

GAO Report No. 03-553T, "DOD Business Systems Modernization: Longstanding Management and Oversight Weaknesses Continue to Put Investments at Risk," March 31, 2003

GAO Report No. 03-571R, "Information Technology: Observations on Department of Defense's Draft Enterprise Architecture," March 28, 2003

GAO Report No. 03-458, "DoD Business Systems Modernization: Improvements to Enterprise Architecture Development and Implementation Efforts Needed," February 28, 2003

GAO Report No. 02-497T, "DoD Financial Management: Integrated Approach, Accountability, Transparency, and Incentives Are Keys to Effective Reform," March 6, 2002

GAO Report No. 01-525, "Information Technology: Architecture Needed to Guide Modernization of DoD's Financial Operations," May 17, 2001

Inspector General of the Department of Defense

IG DoD Report No. D-2002-044, "DoD Financial and Feeder Systems Compliance Process," January 29, 2002

IG DoD Report No. D-2002-014, "Development of the Defense Finance and Accounting Service Corporate Database and Other Financial Management Systems," November 7, 2001

Appendix C. Report Distribution

Office of the Secretary of Defense

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Under Secretary of Defense (Comptroller)/Chief Financial Officer Comments



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

JUN 6 2003

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCIAL AUDITING SERVICE
DIRECTORATE, OFFICE OF THE INSPECTOR GENERAL OF
THE DEPARTMENT OF DEFENSE

SUBJECT: Response to Draft Report on the Systems Inventory to Support the Financial
Management Enterprise Architecture (Project No. D2002FG-0156)

This is the Department of Defense response to the subject Draft Report on the Systems
Inventory to Support the Financial Management Enterprise Architecture (Project No.
D2002FG-0156.)

We concur with both findings and have attached additional comments. The Department
is committed to establishing an integrated repository to capture the business system and the
associated budgetary information, in addition to establishing governance procedures for the
Department's Domain owners to synchronize and verify data to enhance managerial decisions.

My point of contact for this matter is Ms. Lydia Moschkin, Deputy Director for Program
Support, Business Modernization and Systems Integration. Ms. Moschkin may be contacted by
email: moschkil@osd.pentagon.mil or by telephone at (703) 602-0400.


Dov S. Zakheim

Attachment:
As stated

**Chief Financial Officer Comments to Draft Inspector General Report on the Systems
Inventory to Support the Financial Management Enterprise Architecture
(Project D2002FG-0156)**

The Inspector General (IG) recommended that the Under Secretary of Defense (Comptroller)/ Chief Financial Officer and the Assistant Secretary of Defense for Networks and Information Integration (ASD(NII)) as part of the Business Modernization and Systems Integration Governance Concept:

1. Establish a single repository for business systems information, which includes all data elements necessary for architecture development and budget.
2. Establish procedures to verify through the architecture domain owners that:
 - a. The data included in the architecture domain database mirror what is included in the Information Technology (IT) Registry and any other databases maintained for systems in the particular domain; and
 - b. The completeness of the data is verified periodically to ensure that it is kept current, consistent, and accurate to enhance budget decisions and respond to Office of Management and Budget and congressional reporting requirements.

CFO Response to IG Recommendation 1: Concur with comment. The Department will establish an integrated repository, vice a single database, to capture the business systems information and budget data. The resulting repository will contain data elements to effectively manage architecture development and system migration, as defined during development of the recently completed Department business systems inventory. This inventory, prepared in response to Public Law 107-314, Section 1004, augmented information about systems in the “as is” inventory of the DoD Business Enterprise Architecture (BEA), to include budget information. Office of Under Secretary of Defense (Comptroller) (OUSDC) and Office of Assistant Secretary of Defense for Networks and Information Integration (ASD(NII)) worked closely to ensure consistency between the inventory and official IT information contained in the DoD Information Technology Management Application. The OUSDC and ASD(NII) are committed to building on this foundation to provide a consistent, net-centric source of systems information for both budget and architecture use. The OUSDC and ASD(NII) will work together to ensure a solution is available to support the next annual DoD systems inventory report.

CFO Response to IG Recommendation 2: Concur. The Transition Plan (TP) identifies the “as is” and “to be” processes for the BEA. The repository for the “as is” and “to be” processes included in the TP will be the DoD net-centric source described in the response above. Domains will use this information to control and prioritize their architecture initiatives.

Attachment

Team Members

The Defense Financial Auditing Service Directorate, Office of the Deputy Inspector General for Auditing of the Department of Defense prepared this report. Personnel of the Office of the Inspector General of the Department of Defense who contributed to the report are listed below.

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